

IN THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

01 SEP 11 AM 8 45

IN RE: PETITION OF )  
CHATTANOOGA GAS COMPANY )  
FOR APPROVAL OF A TARIFF )  
ESTABLISHING A PERFORMANCE - )  
BASED RATE MAKING MECHANISM )

EXECUTIVE SECRETARY  
DOCKET NO. 01-00619

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ATTORNEY GENERAL'S  
COMMENTS REGARDING THE  
PETITION TO INTERVENE

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Comes Paul G. Summers, the Tennessee Attorney, through the Consumer Advocate and Protection Division, (hereinafter "Attorney General") for the purpose of submitting these Comments related to the Petition To Intervene filed in this matter on September 4, 2001. For cause the Petitioner would show as follows:

1. The prudence audit should disclose the price paid for natural gas by the gas trading affiliate of Chattanooga Gas Company ("CGC"), namely Sequent Energy Management, L.P ("Sequent"). This information is essential to determining the real cost of gas to CGC and thus to whom the savings are effectively passed. The information CGC offers to submit in lieu of the prudence audit is believed to be deficient in that it is expected to only disclose the purchase price paid by CGC to its affiliate. To the extent there is a "mark-up" in price by the affiliate less than the targeted 100% of the cost savings will be

passed on to the ratepayers.

2. It is the understanding of the Attorney General based on representations by officials of CGC that such a “mark-up” will not occur. Specifically, Sequent, or any affiliate of CGC, will purchase gas at the lowest possible market price. Sequent will pass this price on to CGC at no additional cost, which will then flow directly to the rate payer at the same price Sequent makes its purchase.

Although, logically contained in the spirit of CGC’s Petition, these representations are not a matter of record in this matter. Should the company confirm that 100% of the cost savings will be passed on to the ratepayers, the concern expressed by the Attorney General in the Petition to Intervene will in large part have been addressed.

Respectfully submitted,

Paul G. Summers, 6285  
Attorney General and Reporter



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Chris Allen, 13696  
Assistant Attorney General  
Consumer Advocate and Protection Division  
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Certificate of Service

I hereby certify that a true and correct copy of these Comments was served on parties below via U.S. Mail and facsimile transmittal this 11<sup>th</sup> day of September, 2001.

D. Billye Sanders, Esquire  
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A handwritten signature in cursive script, appearing to read "Chris Allen", is written over a horizontal line.

Chris Allen  
Assistant Attorney General

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